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SUBJECT: EURO 2012: SOCCER ORGANIZER SHOWS UKRAINE THE YELLOW CARD

Summary

¶1. (SBU) Ukraine is in danger of losing the prestigious 2012 European soccer championships, which it is to co-host with Poland. Games were to be played in four Ukrainian cities, but the UEFA, Europe's ruling soccer body, has announced that only Kyiv is on track to be a host, and that its role could be reduced if it does not meet key planning deadlines by November. Other Ukrainian cities will be struck entirely in November if they fail to make progress preparing the necessary infrastructure to handle the large inflow of visitors that are expected for the month-long spectacle. Planning for the event has fallen victim to a lack of organization, weak political leadership, and a dearth of financing in the wake of the economic crisis. Losing the games would deny Ukraine an opportunity to showcase itself to Europe, and further damage the country's already tattered image across Europe. End summary.

Ukraine's Chance To Showcase Itself to Europe

¶2. (U) In April 2007 the Union of European Football Associations (UEFA) awarded the European 2012 soccer championships to Ukraine and Poland. The nearly month-long spectacle, featuring the 16 best national teams from throughout Europe, is the third most popular sporting event in Europe after the summer Olympics and the soccer World Cup. It is expected to attract over a million visitors, and hundreds of millions of television viewers in Europe. Eight cities - four in each country - were scheduled to host games, and Kyiv was to host the final.

¶3. (SBU) In Ukraine, billions of dollars of investments are necessary to modernize stadiums and key infrastructure such as airports and roads and to increase hotel space and other services for tourists. To date, upgrades at several airports and stadiums have begun. Overall, however, relatively little progress has been made due to poor overall management of the project, political infighting between the President and Prime Minister, and dwindling sources of funding on account of the economic crisis.

UEFA Shows Ukraine the Yellow Card

¶4. (SBU) Until recently, the UEFA had been guarded in its public comments on the slow progress in Ukraine, although it reportedly articulated its concerns to PM Tymoshenko and to President Yushchenko during its many inspection trips to Ukraine over the past year. In May, however, it finally admitted what many in Ukraine and abroad had already known -- that the country's preparations for the games were at best piecemeal and far behind schedule.

¶5. (SBU) On May 13 UEFA's Executive Committee announced that, of all Ukrainian cities, it would only commit to allowing Kyiv to host games. At the same time, it confirmed that four Polish cities were

on schedule to serve as hosts. UEFA even threatened to reduce Kiev's role in the games, saying that Kyiv would only get the final match if the city meets UEFA's conditions related to airport infrastructure, regional transportation, hotels, and Kiev's Olympic stadium by November 30. Otherwise it will lose the final to Poland and only host one semi-final and several first round matches.

¶6. (SBU) The UEFA also announced that three other potential Ukrainian host cities -- Donetsk, Lvov, and Kharkov -- would not host games at all if they failed to meet the UEFA criteria by the end of November. It also dropped two cities -- Dnepropetrovsk and Odessa - that had previously been in the running. The decision could mean that, should Ukraine fail to fulfill UEFA's expectations, the country would only play a minor role in the games. The UEFA did not say what would happen if Kyiv and the other cities fail to meet its expectations, yet it is widely assumed that all the games originally foreseen for Ukraine will be held in Poland.

¶7. (SBU) Prior to the vote, Yushchenko and PM Tymoshenko assured the UEFA in a joint letter that Ukraine would fulfill the commitments it made when it received the nod to host the games in 2007. The letter does not appear to have swayed the UEFA and its director, former French soccer star Michel Platini, who had regularly called on both Yushchenko and Tymoshenko during previous inspection visits to Ukraine.

¶8. (SBU) According to press reports, the UEFA has now given all four Ukrainian cities checklists of what needs to be done by November 30. In his comments to the press after the May 13 announcement, Platini spoke of "numerous infrastructure issues that urgently need to be resolved." The UEFA reportedly also informed Ukraine's organizers that immigration procedures needed streamlining during the games,

KYIV 00000940 002 OF 002

and expressed concerns about plans for sky-high hotel prices for rooms during the championship.

¶9. (SBU) Following the UEFA announcement, Yushchenko, Tymoshenko and other leading government officials all expressed confidence that Ukraine would meet the November 30 deadline, yet failed to announce any significant revisions to the existing planning. Financing both public infrastructure projects and hotel construction will pose a significant challenge for the country, as the economic crisis has dried up sources of both domestic and international funding. The 2009 budget earmarked practically nothing for infrastructure investment, and investment in real estate projects has nearly stopped.

Comment

¶10. (SBU) A project on the scale of Euro 2012 requires long term administrative planning and coordination, strong political leadership and significant financing, all of which are in short supply in Ukraine at the moment. Progress has been made on some airport and stadium construction, and most commentators agree that Ukraine still has a chance to meet the UEFA's expectations if it acts quickly and with determination. Since the May 13 announcement, however, a new sense of urgency with regard to Euro 2012 is not palatable in Ukraine, and the country is in danger of losing a significant opportunity to showcase itself to Europe and to attract investment at a time when the country desperately needs it.

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